

Message Text

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ACTION L-01

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5467

C O N F I D E N T I A L CAIRO 7408

LIMDIS

E.O. 11652: GDS

TAGS: EFIN PFOR CPRS EG

SUBJECT: US CLAIMS AGAINST EGYPT (TENTH MEETING OF JOINT
COMMITTEE)

REF: A. STATE 174152; B. CAIRO 7215; C. STATE 168774

1. THE TENTH MEETING OF THE JOINT COMMITTEE WAS HELD AT UNDERSEC DEWIDER'S OFFICE ON SAT JULY 26.
2. THE EGYPTIAN SIDE WAS NOT YET READY TO RESPOND TO USG PROPOSALS AND VIEWS PREVIOUSLY COMMUNICATED (REFTEL B). DEWIDAR SAID THAT IT NEEDED MORE TIME AND ADDITIONAL STUDY OF CASES TO ENABLE THEM TO ASCERTAIN MORE ACCURATELY THE RESPECTIVE RESPONSIBILITIES OF THE VARIOUS EGYPTIAN ENTITIES CONCERNED. REVIEW OF LAND REFORM CASES ENSUED.
3. HADDAD CASE A (20). US SIDE PROVIDED INFORMATION ON ANOTHER LAND REFORM CASE. PURSUANT TO LAW NO 15 OF 1963, AGRARIAN REFORM AUTHORITY HAD TAKEN 91 FEDDANS 10 KIRATS AND 20 SAHMS BY DECREE NO 358 OF JUNE 5, 1970 AS FROM JAN 1, 1963. HADDAD WAS AWARDED INDEMNITY LE 25,099. IN LINE WITH OTHER CASES, AMOUNT CLAIMED IS \$100,000 PLUS INTEREST.
4. EZZAT CASE (A-19) EGYPTIAN SIDE STATED THAT THIS CASE INVOLVING 1 FEDDAN 2 KIRATS AND 0 SAHMS OF AGRICULTURAL LAND WAS SUBJECT TO
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PENDING LITIGATION OVER OWNERSHIP. EZZAT HAS NOT YET FILED CLAIM

WITH DEPT. AMOUNT OF CLAIM WOULD BE ABOUT \$10,000.

5. AMERICAN MISSION CASE A(1) IN ACCORDANCE WITH REFTELS (A) (B) AND (C), U.S. SIDE PROPOSED, AND EGYPTIAN SIDE READILY AGREED, THAT THIS CASE BE CONSIDERED AND INCLUDED IN ANY LUMP-SUM SETTLEMENT AGREEMENT AS IN ALL THE OTHER CASES IN L LIST. (ALTHOUGH THE OFFICIAL EGYPTIAN RESPONSE HAS NOT YET BEEN COMMUNICATED TO THE US SIDE (SEE PARA (2) ABOVE), DEWIDAR SPOKE IN TERMS AS IF A GLOBAL LUMP-SUM SETTLEMENT WAS A FOREGONE CONCLUSION). THE EGYPTIAN SIDE CONCEDED THAT THE AGRARIAN REFORM AUTHORITY HAD TAKEN A TOTAL OF APPROXIMATELY 21 FEDDANS 2 KIRATS AND 22 SAHMS OF AMERICAN MISSION LAND, BUT THAT BETWEEN 1969 AND 1975 IT HAD RELEASED FOUR PARCELS TOTALLING 11 FEDDANS 2 KIRATS AND 12 SAHMS, LEAVING A BALANCE OF 10 FEDDANS AND 10 SAHMS (ABOUT 44,000 SQUARE METERS). THE AMOUNTS, IDENTITIES AND LOCATIONS OF THE BALANCE CORRESPONDS ROUGHTLY WITH THOSE CLAIMED BY THE AMERICAN MISSION. THEY ARE AGREED AND THERE IS NO FACTUAL DISPUTE. HOWEVER, THE US SIDE POINTED OUT THAT IN ADDITION THERE WERE: (A) ANOTHER PIECE OF LAND EXPROPRIATED BY THE GOVERNORATE OF ASSIUT; (B) A MILITARY HOSPITAL SEIZED AND LATER SUBJECT OF A LEASE TO THE EGYPTIAN ARMY UNTIL 1977; (C) CONTINUED OCCUPATION OF A PARCEL OF LAND BY THE MINISTRY OF EDUCATION IN SPITE OF A COURT DECREE PROVIDING FOR ITS RETURN TO THE AMERICAN MISSION, (D) SOME MINOR ITEMS, AND (E) THE LEVY OF BACK INCOME TAXES FOR THE PERIOD 1939-1967. THE AMERICAN MISSION WAS ASSERTING AN OVERALL CLAIM OF \$2,584,855. HOWEVER, IT WAS PROPOSED TO REDUCE THIS AMOUNT IF THE GOE WERE PREPARED (A) TO ABATE ALL PROCEEDINGS FOR BACK TAXES; (B) RESTORE POSSESSION OF CERTAIN PARCELS OF LAND NOW AND IN THE FUTURE TO THE AMERICAN MISSION, AND (C) ACCEPTANCE OF CERTAIN OTHER MINOR MATTERS. DEWIDAR SAID THAT THE EXPROPRIATION OF LAND BY THE GOVERNORATE OF ASSIUT WAS SEPARATE FROM TAKINGS BY THE AGRICULTURAL REFORM AUTHORITY, BUT BOTH TYPES OF CASES WOULD BE INCLUDED IN ANY GLOBAL LUMP-SUM SETTLEMENT. HE ASKED US SIDE TO PROVIDE A SUMMARY STATEMENT OF THE SALIENT FACTS, WHICH WILL BE DONE. FOR THE RECORD, US SIDE PRESENTED AMERICAN MISSION CASE IN THE FOLLOWING TERMS: US SIDE ATTACHED MUCH SIGNIFICANCE TO THE SETTLEMENT OF THIS CASE. PRES SADAT IN HIS RECENT JULY 23 SPEECH STATED THAT HE HAD QUOTE RESTORED DIGNITY TO THE JUDICIARY AND THE SOVEREIGNTY OF THE LAW. UNQUOTE ACCORDINGLY, APPROPRIATE CONFIDENTIAL

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ACTION SHOULD BE TAKEN TO REMEDY THE SITUATION. IN ONE CASE, LAND OF THE AMERICAN MISSION HAD BEEN TAKEN WITHOUT PAYMENT OF COMPENSATION. IN ANOTHER AN EGYPTIAN COURT HAD HELD THAT THE AGRARIAN REFORM AUTHORITY HAD ILLEGALLY TAKEN THE LAND AND DECREED THAT IT BE RESTORED TO THE AMERICAN MISSION, BUT THE MINISTRY OF EDUCATION CONTINUED TO OCCUPY THE LAND AND FACILITIES. IN STILL ANOTHER CASE, AN EGYPTIAN COURT HAD MADE AN AWARD OF LE 126,000 BUT NO COMPENSATION WAS PAID. THERE WERE ALSO A

NUMBER OF SMALL ITEMS. ON TOP OF ALL THESE, THE EGYPTIAN TAX AUTHORITIES HAD LEVIED AN AMOUNT OF OVER LE 118,000 AGAINST THE AMERICAN MISSION FOR BACK INCOME TAXES FOR THE PERIOD 1939-1967. THE US SIDE UNDERSTOOD THAT THE EGYPTIAN STATUTE OF LIMITATION WAS FIVE YEARS REGARDING TAX MATTERS. THEREFORE, THE LEVY FOR BACK INCOME TAXES APPEARED INVALID. THE AMERICAN MISSION HAS INDICATED THAT IT WAS PREPARED TO REDUCE THE AMOUNT OF ITS CLAIM IF (A) ALL PROCEEDINGS FOR BACK TAXES WERE ABATED; (B) THE MINISTRY OF EDUCATION WOULD VACATE THE PREMISES AND RESTORE POSSESSION TO IT; (C) THE EGYPTIAN ARMY WOULD SURRENDER THE MILITARY HOSPITAL UPON THE TERMINATION OF THE PRESENT LEASE IN 1977.

6. SALLOUM CASE A (18) E (16) EGYPTIAN SIDE CONCEDED THAT THE EGYPTIAN AUTHORITIES HAD IN 1952 TAKEN ABOUT 3,600 FEDDANS OF DESERT LAND WHICH BELONGED TO ROLO COMPANY (PREDOMINANTLY BRITISH/FRENCH) WITHOUT PAYMENT OF COMPENSATION. UNTIL NOW, IT HAD DENIED ANY KNOWLEDGE OF THE CLAIM. MRS. SALLOUM CLAIMS THAT 1,200 FEDDANS OF THAT LAND OF ABOUT 4,000 FEDDANS BELONGED TO HER DECEASED HUSBAND WHO WAS THEN A UNITED STATES CITIZEN. SHE ALSO CLAIMS THAT ANOTHER 240 FEDDANS OF AGRICULTURAL LAND HAD BEEN TAKEN. BECAUSE OF THE AMOUNTS OF LAND INVOLVED, AN AMOUNT OF \$600,000 HAS BEEN ASSERTED FOR COMPENSATION. HOWEVER, MRS. SALLOUM HAS NOT YET FILED A COMPLETED FORMAL CLAIM. SHE HAS ONLY FILED A PRELIMINARY STATEMENT AVERRING THE FACTS.

7. IN ACCORDANCE WITH PARA 3 OF REFTTEL (A) EMBASSY IS TRANSMITTING BY SEPARATE AIR POUCH SEVEN AGREEMENTS CONCLUDED BY THE GOE FOR THE SETTLEMENT OF CLAIMS. DUE TO LIMITED TRANSLATION FACILITIES IN THE EMBASSY THE FRENCH AND ARABIC TEXTS HAVE NOT YET BEEN TRANSLATED INTO ENGLISH. TRANSLATIONS WILL BE FORWARDED LATER AS COMPLETED. BALANCE OF AGREEMENTS HAVE BEEN REQUESTED, BUT NOT YET RECEIVED FROM EGYPTIAN SIDE. TEXT OF SWISS AGREEMENT IS CONFIDENTIAL

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AVAILABLE IN ENGLISH IN CAIRO'S AIRGRAM A-336 OF NOV 20, 1964. THIS IS THE PROTOTYPE AGREEMENT WITH REFERENCE TO 65-34 PERCENT AND MFM PROVISIONS.

8. STATE 145618 CONCERNING VALUATION IN EXPROPRIATION CASES NOT YET RECEIVED. PLEASE EXPEDITE ITS TRANSMISSION FOR EFFECTIVE UTILIZATION.

9. NEXT (ELEVENTH) MEETING OF THE JOINT COMMITTEE IS SCHEDULED FOR MONDAY JULY 28TH.
EILTS

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